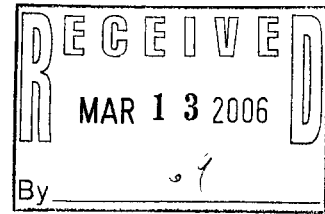




# NORTHLAND NATIONAL BANK



99 N.E. 72nd St. • Gladstone, MO 64118-1876 • (816) 436-3500

February 27, 2006

Mr. Robert E. Feldman, Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20429  
[WWW.publichearing@fdic.gov](http://WWW.publichearing@fdic.gov)

Gentlemen:

I am writing to protest the granting of Federal Deposit Insurance to Wal-Mart Bank. I would like to orally address the FDIC hearing scheduled for April 25-26, 2006 in Kansas City, Missouri. I started my banking career at Red Bridge Bank located in south Kansas City, Missouri in 1967. Except for four years in the United States Navy, from 1969 to 1973 I have been employed in the banking industry. I believe I have the knowledge and experience to comment on this Wal-Mart application and would appreciate the opportunity.

The first objection about the Wal-Mart Bank application centers on the mixing of banking and commerce. There is a huge conflict of interest between banking and commerce. Wal-Mart must and will concentrate its business decisions on generating a decent return to its stockholders. Large commercial banks must also generate returns to stockholders, however large commercial banks would not lend to their competition. If Wal-Mart Bank refuses to lend to its competition, then where would the small business borrowers go to make their loans? When the separation of banking and commerce was first established, the fear was that banks would select the lowest risk to retain for the bank's portfolio and sell the highest risk investments to an unsuspecting public. I believe Wal-Mart would do no less. They would grant loans to the friends of Wal-Mart and would refuse loans to Wal-Mart competitors, regardless of the borrowers financial situation. I am also concerned about where Wal-Mart would make the lending decisions. Would it be centralized or regionalized? Would the local decision making go away.

The second objection about Wal-Mart concerns the concentration of economic power. I know that today Wal-Mart has been enormously successful and has a strong financial condition. Could Wal-Mart go the way of General Motors or Ford Motor Company? Could the largest retailer in the world begin having financial problems? Would the taxpayer have to bail out Wal-Mart Bank just like the taxpayer bailout of the Savings & Loan industry? I believe it is just too many eggs in one basket. The exposure to the Federal Deposit Insurance Corporation would be too great.




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The third and last basis of objection to the Wal-Mart application centers on regulation. Wal-Mart is not regulated now and resists the idea of being regulated. My first choice would be to reject the Wal-Mart application. My second choice would be to bring the Wal-Mart Bank under the Bank Holding Company Act and have regulators examine Wal-Mart as well as Wal-Mart Bank. I have confidence that banking regulators have the knowledge and experience to examine the banking functions, but I am much less confident that they can examine the retail store functions. I do not believe that our existing regulatory framework could manage a Wal-Mart examination.

Thank you for allowing me the opportunity to comment on the pending application of Wal-Mart Bank for Federal Deposit Insurance Corporation coverage. I am looking forward to being able to express these views orally during the April 25-26, 2006 in Kansas City, Missouri.

Respectfully requested,

  
Jack A. Marcum  
President